Stewardship & Sustainable Investing Advisory Council Q1/Q2 2026

Key Takeaways

May 2026

Contents

ABOUT THE

Stewardship and Sustainable Investing Advisory Council

Established in 2021 the Stewardship and Sustainable Investing Advisory Council is a structured quarterly, three-hour forum through which Neuberger engages leading academics and practitioners to challenge our thinking on stewardship and sustainable investing in seeking to meet client needs. Agenda topics are chosen based on key themes raised by clients in relation to our investment capabilities.

Advisory Council Members

Vijay Advani

Nuveen, the Investment Management arm of TIAA
- Former Executive Chairman

Global Impact Investing Network (GIIN)
- Member of the Board of Directors

Ben Caldecott

Oxford University
- Founding Director of the Oxford Sustainable Finance Group
- Lombard Odier Associate Professor of Sustainable Finance

The Crown Estate
- Senior Advisor

Janine Guillot

Value Reporting Foundation (VRF) and Sustainability Accounting Standards Board (SASB)
- Former CEO

International Sustainability Standards Board (ISSB)
- Former Special Advisor to the Chair

Mindy Lubber

Ceres
- President and CEO of Ceres, a sustainability-focused non-profit organization based out of Boston, MA

George Serafeim

Harvard Business School
- Charles M. Williams Professor of Business Administration

Purpose + Profit: How Business Can Lift Up the World (2022)
- Author

Key Observations

Council insights on the direction of key sustainability themes and the evolving considerations for investors.

1

Market Concentration – Earnings-Backed but Governance-Fragile

Today's concentration differs from prior cycles but raises material governance and stewardship concerns that active managers must address, namely around the AI theme.

2

Sustainable Development Goals (SDGs) – Framework Continuity

The SDG framework is expected to persist post-2030 with simplification and the investment community has a timely opportunity to shape successor design.

3

China: Climate – Precision Tools Enable Better Capital Allocation

Sector-specific transition analysis helps investors move beyond blunt exclusions toward engagement-led, nuanced allocation in hard-to-abate industries.

1 Market Concentration and Governance Risk

- **Today's market concentration is earnings-backed, not valuation-inflated as in prior cycles – but it is thematically fragile.** The near-total clustering around the AI theme creates meaningful vulnerability if delivery falls short of expectations, a risk that is likely to deepen as Anthropic, SpaceX, and others enter public markets.

- **Governance risks are rising alongside concentration**. Information flow from the largest companies is thinning, and growing investor comfort with controlling interest structures warrants scrutiny for long-term shareholders.

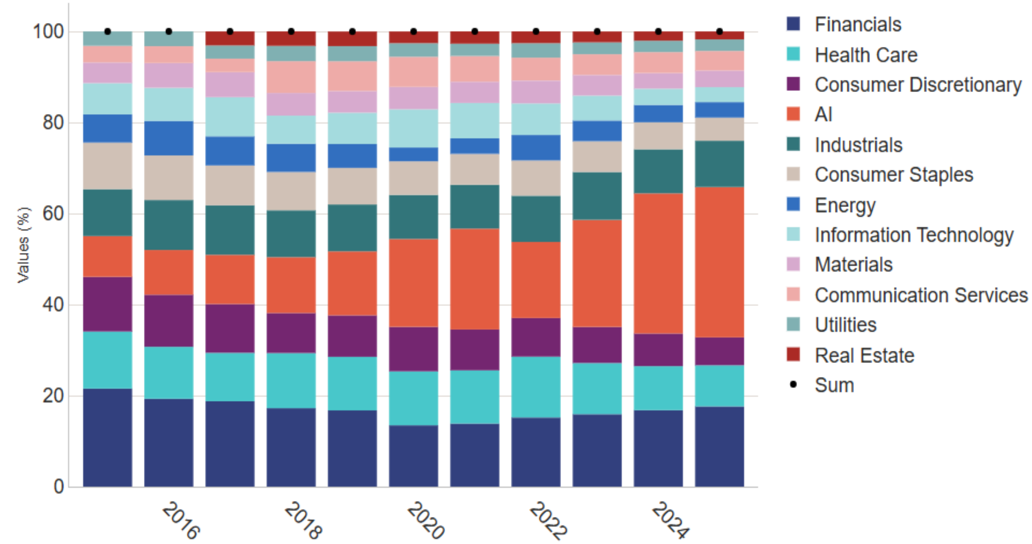
- **Active managers have practical tools to manage concentration risk** – including capped benchmarks, separating top-10 names into a distinct sleeve, and targeted single-stock hedges. Each involves trade-offs that benefit from active stewardship and a clear governance framework.

Neuberger's active equity and stewardship capabilities directly address concentration and governance risk – through proxy voting, direct engagement with concentrated-index constituents, and portfolio construction that reflects long-term shareholder interests.

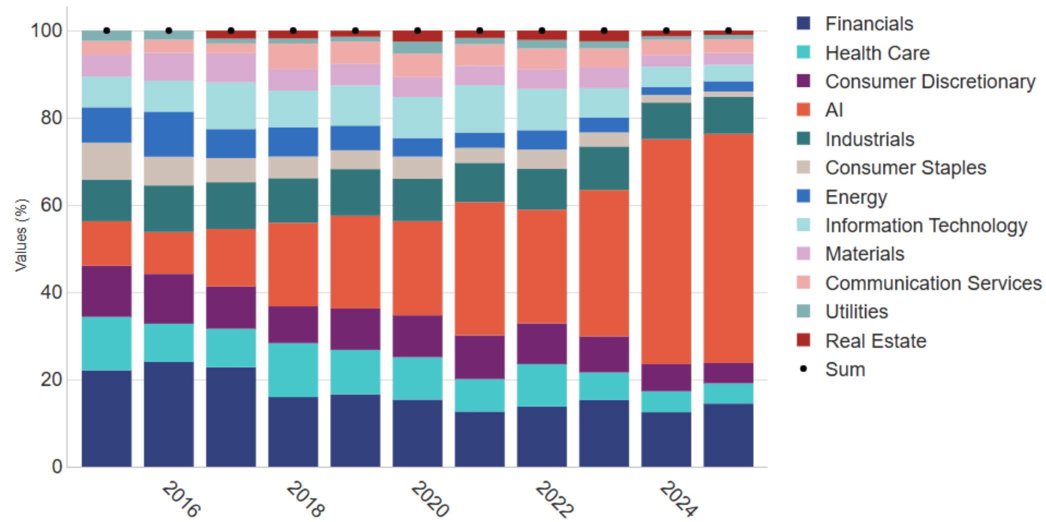
Neuberger Team Member(s):

- Maarten Nederlof, Co-Head of Neuberger Solutions
- Caitlin McSherry, Head of Stewardship

MSCI ACWI AI Basket Weight Over Time



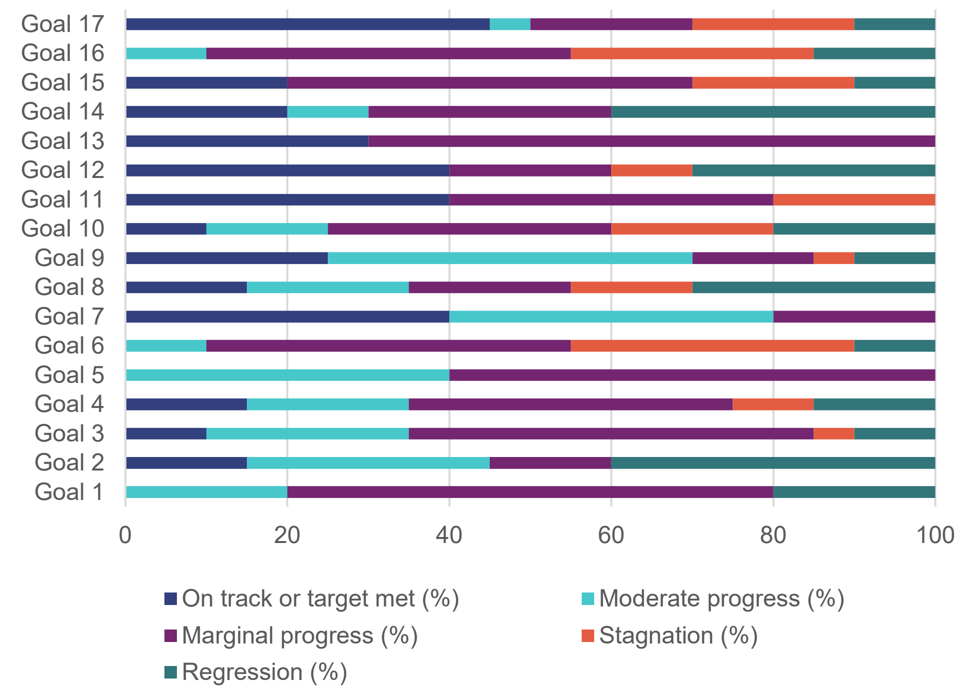
MSCI ACWI AI Basket Marginal Risk Contribution Over Time



Source: Neuberger

2 The Future of UN Sustainable Development Goals (SDGs)

Nearly half of SDG targets show insufficient progress, underscoring why the 2030 review is a pivotal moment for investors



Source: Sustainable Development Goals Report 2025

- **With the approaching target deadline for the SDG framework, Council members expect the framework to continue post-2030 through simplification**, not replacement. Council members agreed wholesale redesign would create more confusion than clarity for investors.
- **Governance for successor frameworks will shift toward regional consensus**. Global agreement is unlikely in the current geopolitical environment, giving regional actors greater influence over what comes next.
- **The investor and business voice can be more influential in successor discussions,** with the opportunity to shape how targets are updated, ensuring the framework remains decision-useful for capital allocation.
- **Council members recommend leading with proprietary investment themes linked back to the SDGs**, preserving flexibility without sacrificing analytical rigor.

Neuberger's impact investing framework maps proprietary themes to SDG goals, providing clients with a structured yet flexible approach to impact alignment that will remain relevant through any framework transition.

Neuberger Team Member(s):

- Jonathan Bailey, Global Head of Stewardship and Sustainable Investing
- Jennifer Signori, Head of Private Markets Sustainable Investments

3 China's Climate Transition

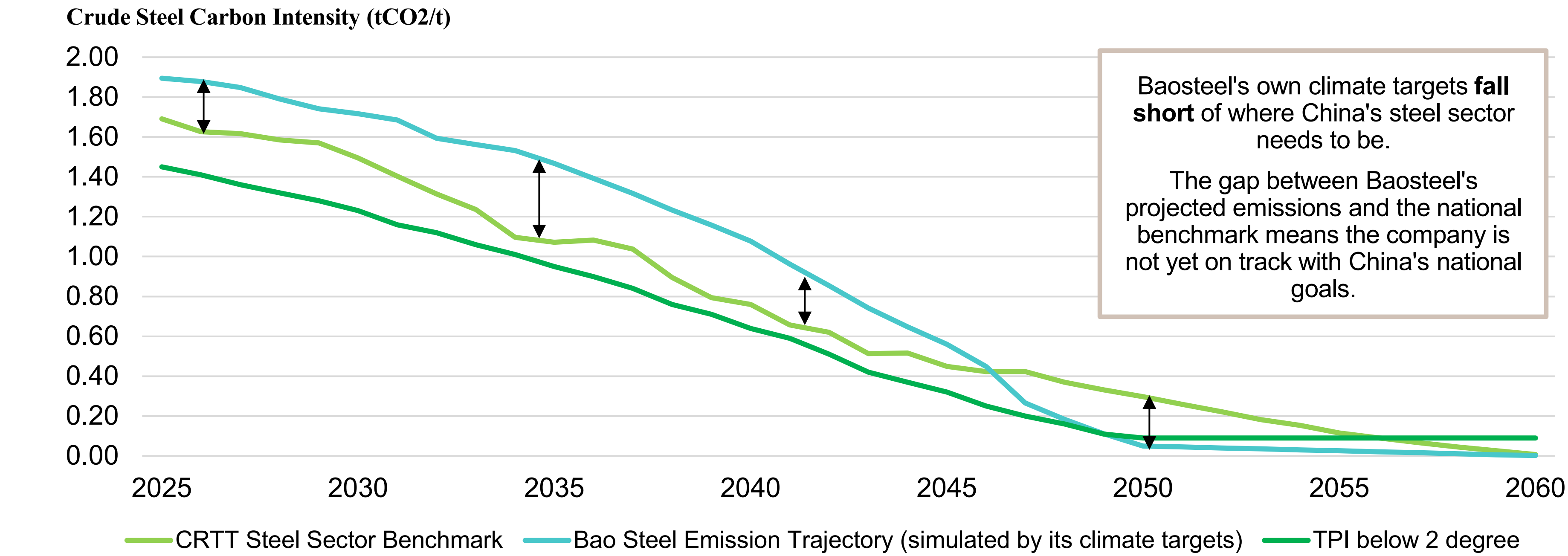
- **In markets like China, sector-specific company-level assessments is increasingly essential.** Sector-specific tools such as the Carbon Reduction & Transition Toolbox (CRTT) and cumulative benchmark divergence help avoid broad sectoral biases and enable more precise capital allocation within high-emitting industries.
- **The CRTT helps to both analyze companies and engage with them**. It identifies where decarbonization solutions are still too expensive to be practical and better enable stewardship at both the company and industry level.
- **Analysis is anchored to China's own stated climate goals to help ensure investment focus remains on pragmatic, catalytic opportunities** rather than aspirational pathways.

Neuberger's SSI team applies tools like the CRTT in collaboration with partners such as Beijing Institute of Finance & Sustainability (IFS), integrating transition analysis into investment decisions and stewardship with portfolio companies in high-emitting sectors.

Neuberger Team Member(s):

- Charles Nguyen, Head of Asia ESG Investing

CRTT: Baosteel Cumulative Benchmark Divergence



Source: Beijing Institute of Finance & Sustainability (IFS) . For illustrative and discussion purposes only. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable.

What This Means for Asset Owners

	Key Takeaways	*Risks and Opportunities*	*Neuberger Capabilities*	*Next Steps*
1 Market Concentration	Concentration is earnings-backed but AI theme clustering creates fragility and governance risks	**Risk**: High passive or indirect mega-cap exposure creates significant drawdown risk under AI de-rating **Opportunity**: Active stewardship offers a practical tool to manage risk while maintaining exposure	Active proxy voting and direct engagement with mega-cap constituents; portfolio construction to isolate or hedge top-10 concentration	Quantify direct and indirect exposure to top 10 holdings across all mandates and stress test under an AI de-rated scenario
2 SDGs	Post-2030 presents an opportunity to shape successor design, while proprietary themes provide flexibility now	**Risk**: Rigid frameworks risk obsolescence as successor goals are redesigned **Opportunity**: Early engagement in the review process allows investors to shape standards	Impact investing framework mapping proprietary themes to SDG goals; client-specific reporting	Assess how your portfolios use SDGs vs. proprietary or thematic frameworks
3 China Climate	Sector-specific transition tools enable nuanced capital allocation. Blunt exclusions risk missing transition leaders	**Risk**: Exclusion-based approaches may misprice transition-aligned companies **Opportunity**: Targeted engagement in hard-to-abate sectors can generate financial and real-world climate impact	SSI Stewardship platform; Carbon Risk Transition Tool (CRTT); Net-Zero Alignment Models	Review China exposure in carbon-intensive sectors – exposure exclusion-based or transition-oriented?

For strategy-specific information relevant to your jurisdiction, please speak to your Neuberger relationship manager.

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